

October 12, 2017

To Whom It May Concern:

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Notice of Disposition of Treasury Stock Through Third-party Allotment with Introduction of Share-based Compensation Plan

AIDA ENGINEERING, LTD. (the “Company”) hereby announces that, at the Board of Directors’ meeting held today, the Company resolved to dispose of its treasury stock by way of third-party allotment (the “Disposition of Treasury Stock”), as described below, with the introduction of the Board Benefit Trust (BBT) (the “Plan”), which was announced on May 12, 2017.

1. Outline of Disposition

(1) Date of disposition:	Tuesday, October 31, 2017
(2) Class and number of shares subject to disposition:	81,800 shares of common stock
(3) Disposition price:	1,283 yen per share
(4) Amount of proceeds:	104,949,400 yen
(5) Subscriber:	Asset Management Trust & Custody Services Bank, Ltd. (Trust E Account)
(6) Other:	The Disposition of Treasury Stock is subject to the effectiveness of the registration statement under the Financial Instruments and Exchange Act.

2. Purpose of and Reason for Disposition

The purpose of the Plan is to clarify the link between the compensation of directors (excluding outside directors; “Directors”) and the Company’s share price and have Directors share the benefit of the rise in share price as well as the risk of the falling share price, and thereby raise awareness of contributing to the medium- to long-term improvement of business results and increasing corporate value. The Plan was approved at the 82nd Annual General Shareholders’ Meeting held on June 19, 2017. For an overview of the Plan, please refer to “Notice Concerning the Introduction of Share-Based Compensation Plan” as of May 12, 2017.

The Disposition of Treasury Stock will be conducted by way of third-party allotment to the Trust E Account created, at Asset Management Trust & Custody Services Bank, Ltd., for the purpose of holding and disposing the Company shares under the Plan. Asset Management Trust & Custody Services Bank, Ltd. is the re-trustee that has been re-entrusted by Mizuho Trust & Banking Co., Ltd., which is the trustee of a trust to be established under a trust agreement to be concluded with Mizuho Trust & Banking Co., Ltd. concerning the Plan (the “Trust”).

The number of disposition is equivalent to the number of shares that are expected to be provided to Directors during the period from the fiscal year ending March 31, 2018 until the end of the fiscal year ending March 31, 2020 (three fiscal years), pursuant to the officer stock benefit rules. Such number accounts for 0.11% of 73,647,321, the total number of the outstanding shares as of September 30, 2017 (rounded to the second decimal place; 0.13% of 650,024, the total number of voting rights as of September 30, 2017).

TRANSLATION FOR REFERENCE PURPOSES ONLY

[Outline of Trust Agreement]

Type of trust	Money trust other than cash trust (third-party benefit trust)
Purpose of trust	To provide the Company's shares as well as the amount of money equivalent to the market value of the Company's shares, which are trust assets, to beneficiaries pursuant to the officer stock benefit rules.
Entrustor	The Company
Trustee	Mizuho Trust & Banking Co., Ltd. (re-entrusted by: Asset Management Trust & Custody Services Bank, Ltd.)
Beneficiaries	Retired Directors who meet the beneficiary requirements provided in the officer stock benefit rules.
Trust Administrator	A third party that has no conflict of interest with the Company is to be selected.
Date of the Trust Agreement	October 31, 2017 (tentative)
Date of establishment of the Trust:	October 31, 2017 (tentative)
Period of the Trust	From October 31, 2017 (tentative) until the Trust is terminated
Exercise of Voting Rights Policy	The voting rights in connection with the Company's Shares in the Trust's account will not be exercised.

3. Basis of Calculation of Disposition Price and Details Thereof

The disposition price has been fixed at 1,283 yen per share, which is the closing price of the Company's common stock on the Tokyo Stock Exchange, Inc. on the business day immediately prior to the date on which the resolution for the Disposition of Treasury Stock was passed at the Board of Directors' meeting on October 11, 2017. The Company selected the closing price on the business day immediately prior to the date of the resolution of the Board of Directors because the Company believes that it represents the Company's fair corporate value in the stock market and is a reasonable value.

The disposition price represents the amount obtained by multiplying the average closing price of 1,294 yen (rounded down to the nearest whole yen) of the Company's shares for the one-month period immediately prior to the date of resolution of the Board of Directors' meeting by 99.15%, or the amount obtained by multiplying the average closing price of 1,195 yen (rounded down to the nearest whole yen) of the Company's shares for the three-month period immediately prior to the date of resolution of the Board of Directors' meeting by 107.36%, or the amount obtained by multiplying the average closing price of 1,100 yen (rounded down to the nearest whole yen) of the Company's shares for the six-month period immediately prior to the date of resolution of the Board of Directors' meeting by 116.64%.

As a result of considering the aforementioned matters, the Company believes that the disposition price in the Disposition of Treasury Stock is not particularly favorable to the subscriber, but is reasonable.

All three statutory auditors, all of whom are outside statutory auditors, who were present at the Board of Directors' Meeting, expressed their opinion that the disposition price above is not particularly favorable to the subscriber.

4. Matters Concerning Procedures under Code of Corporate Conduct

The Disposition of Treasury Stock neither requires an opinion from an independent third party nor procedures for confirming the intent of shareholders, which are provided under Article 432 of the Securities Listing Regulations of the Tokyo Stock Exchange, Inc., because (i) the dilution ratio is less than 25%, and (ii) the disposition does not involve a change in controlling shareholders.

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